



United States Senate Budget Committee

JEFF SESSIONS | Ranking Member

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Sessions: With Budget Proposal, President's Deficit Credibility At Stake

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WASHINGTON—U.S. Sen. Jeff Sessions (R-AL), Ranking Member of the Senate Budget Committee, delivered remarks today addressing the U.S.' rising debt, as well as the need for President Obama to send Congress a budget that significantly reduces spending.

Sessions' remarks, as prepared, follow:

"Last week, the Congressional Budget Office issued a report showing that our deficit for this fiscal year will be \$1.5 trillion dollars. Our gross debt will equal 100% of GDP. Annual interest payments on our debt will rise to \$750 billion by the end of this decade—meaning that a one-year interest payment will cost nearly as much as twenty years' worth of highway construction. The total amount of interest we expect to pay between now and then is \$5.4 trillion dollars—enough money to fund our entire government for 18 months.

The situation is so serious that former Federal Reserve Chairman Alan Greenspan warned that we may face a bond market crisis in the next two or three years.

CBO Director Doug Elmendorf testified last week that we were entering "unfamiliar territory for all developed nations over the last several decades."

Analysts with Standard & Poor's stated that "absent a credible plan, the rating on the U.S. federal government will come under pressure," while the International Monetary Fund urged the U.S. to take much stronger action.

Two prominent economists, Professors Carmen Reinhart and Kenneth Rogoff, published a study explaining the negative impact of excessive debt on economic growth. They

caution about reaching a 90% debt-to-GDP ratio—a milestone our nation has already eclipsed.

Our nation is on a dangerous and unsustainable path. We need strong leadership from our president. The day before his State of the Union address, I called on him to present a bold vision for reducing spending. I said that “his proposals cannot be timid,” and that this was “a defining moment for his presidency.”

He did not rise to the moment. Instead of a bold vision, he put forward a meek plan to continue spending at current levels for five more years—the very spending levels that produced a \$1.5 trillion deficit.

The president’s speech was disconnected from reality. Consider what the Washington Post wrote in their editorial this Sunday:

“In his State of the Union address Tuesday night, President Obama failed to present a credible plan for long-term debt reduction. It’s no secret that we think he made a big mistake. If America can’t get a handle on its finances, everything else is at risk.”

But not only has the president failed to lead, he has tried to thwart others from acting. This Sunday, his new Chief of Staff Bill Daley balked at a Republican plan to cut spending for the rest of the year. Daley said any budget cuts must be paired with new spending—“investments,” as he and the president call them. He taunted the Republicans, “Where’s the beef? Let’s see the cuts they’re talking about.” The president refuses to lead and then sends his emissaries to attack any Republican with a serious proposal.

For instance, the president’s Chief Economic Advisor, Austin Goolsbee, lashed out at Republicans for wanting to reduce discretionary spending before we raise the debt ceiling.

And the president’s own Treasury Secretary Tim Geithner recently argued it was too early to begin cutting budget deficits. Geithner’s comments ring all too similar to those of his predecessor, Hank Paulson, who said that the housing downturn was under control before Wall Street firms began falling like dominos.

But ignoring the reality of our situation does not change it. The money simply isn’t there to support the president’s expansive agenda. Our nation cannot afford another era of big government.

In two weeks, on February 14th, the president will submit a new budget to Congress. This may be his last chance to get this right. For the president to be a credible voice in this debate he must put forward a budget with significantly lower spending levels. He cannot present Congress with the same unserious plan he presented at the State of the Union.

If his budget fails to change course, we will know where the president is. We're going to see whether the president is moving with the America people towards fiscal and economic sanity, or whether he will continue his ideological commitment to big government.

We need to turn back from the cliff and head down a new road—reducing both the size of the deficit and the size of the government. Not only will such a plan restore confidence in our economy, but it will restore the foundation of America's prosperity.

Strong, sustained reductions in spending will not be easy. But it is the only responsible course—and the only one that leads to a better financial future for ourselves and for our children.”

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